

**Technology Customer Council Meeting
Minutes of April 13, 2004**

F i n a l

Present: Steve Mosen, Judy Peters (for Steve Morris), Greg Wright, Leon Schwartz, Rich Jacobs, Larry Murphy, Lee Tack, Gary Nichols, Carl Martin

Absent: Marv Van Haaften, Cindy Eisenhauer, Steve Gast

Guests: Denise Sturm, Lorrie Tritch, Nadir Mehta, Marianne Mickelson, Sharon Sperry, John Gillispie, Mollie Anderson, Carol Stratemeyer, Diane Van Zante

Steve Mosen, Chair, called the meeting to order. It was noted that a quorum of members was present.

1. Review and Approve Minutes – Greg Wright moved approval of the March 19, 2004 meeting minutes. Lee Tack seconded the motion. An oral vote was taken, approving the minutes as written.
2. I3 Issues – Mollie Anderson. A “Frequently Asked Questions about the I3 System” document has been compiled for use with legislators, etc. The three-year total cost of I3 is about \$13.7 million, plus an additional \$2.9 million in operating support for FY 2005. It is very difficult to categorize the cost of the old billing system, as past records are not well documented. In preceding years, the cost was born primarily by the Department of Human Services and the Information Technology Enterprise/Information Technology Department. Going forward, DAS needs to emphasize the added functionality that is present in the new I3 system and to identify the cost of operation. Total operating costs for I3 are not yet known. I3 will be a utility, thus users will be required to participate and will ultimately bear the cost.

At the last council meeting, there was some debate about ownership of the I3 rate setting process. There appear to be three options: a) the Technology Customer Council, b) a separate customer council which would be comprised of purchasing, budget, and finance people, and c) agency directors who sit on the DAS Advisory Committee. No decision has been reached; DAS is still in discussion with the Department of Management and the Governor’s Office on this issue. However, rates do need to be set by June 30. Cindy Eisenhauer, John Gillispie and Mollie discussed the option of having the Technology Customer Council begin the rate setting process. Questions for the Council’s consideration: Do the members want to work on the methodology side even if they don’t end up setting the rates? Do council members believe they are the appropriate body to set the I3 rate? Who should be the owners of the I3 system, the technology people or the users? Council members expressed a willingness to oversee rate setting for the first year (FY06), however felt that ownership of I3 should ultimately rest with another group; the people that use I3 should be setting the policies and standards. Mollie anticipates having a better handle on costs at the next council meeting; costs of both the old and new systems will be defined. Please contact Mollie if there are additional items that you would like to have addressed in the Frequently Asked Questions document.

3. Preliminary I3 Financials – Denise Sturm and Sharon Sperry. Denise reported that preliminary financials were not yet available. The State is transitioning four-five disparate systems to one overall system, therefore cost determinations are a fairly complex matter. Hardware, software and maintenance costs are being compiled, along with network and module specific costs. The final component is personnel (IT support, administration support, subject matter experts). Once direct costs are known, indirect costs will be studied. DAS' goal is to provide figures that are as accurate as possible. John Gillispie mentioned that DAS currently has both leased equipment and owned equipment. As we move forward, DAS would prefer to lease. John asked for council input on the issue, as the decision could impact utility rates. Any money received from the sale of current equipment would revert to the tobacco subsidization fund. The Department of Human Services prefers constant/level rates, rather than running the risk of a large spike. The Veterans' Home is currently on a three-year leasing cycle, replacing one-third of their pc's every year. They have budgeted for this and their system has been working well. The Department of Revenue generally agrees with the leasing concept. The Department of Education prefers purchasing. Workforce Development has found that leasing is not always the best option, but recognizes the need to build in a refresh strategy and to look at other options.

At present, the State is very exposed because there is no redundancy/backup site. John asked council members for input with regard to preparing JFHQ to become a secondary lights-out data center. Comments were overwhelmingly supportive: "this should be a high priority," a backup site is really "an insurance policy and the citizens would expect us to have an alternate plan." The council encouraged John to seek additional sources of money; John indicated that he was doing so. There will be a cost for offsite backup, however the amount has not yet been calculated. This project may not materialize until FY07.

4. Prototype Billing – Denise Sturm. The prototype billing model is nearly final. The first billing cycle will capture nine months of activity. Financial managers will be given some latitude to change the format for their own purposes. The new model will be utilized in FY05 and will eventually become part of the automated billing process. DAS utility services will be rolled up into the prototype bill, however it will not capture any other DAS charges. ITE is also in the process of conducting a billing assessment to determine how the billing system might be improved.
5. Distribution of IFAS/HRIS Funds – Denise Sturm. Denise has compiled an agency-by-agency comparison of utility rates, previously existing fees for those services, and any difference between the two. Previously existing costs were identified only in those cases where the expenses were paid by the General Fund. The HRE Enterprise and GSE Enterprise are using the same methodology. Question: Once the distribution is made, will it become part of the agency's base budget? Cindy Eisenhauer and Jim Anderson believe that it will. Denise mentioned that there will be several new utilities for FY06: I3, water, electricity, and gas.
6. Infrastructure Upgrade Evaluation – John Gillispie. John stated that an evaluation of the Hoover Data Center was being conducted. The equipment in the data center is about 30

years old. The automated switchgear is not functional. The main air distribution units are broken and have not been replaced, and the humidifier units are not working properly. Fundamentally, the data center is outdated. The initial study indicates that updates will run about \$2 million. To raise the reliability of the data center, some upgrades are definitely needed, and once upgraded, the system needs to be maintained on a regular basis to keep it that way. This is a major project and John believes that it is imperative. In conjunction, a proposal is being considered that would increase functionality at JFHQ. Once the full impact is known, John will need to convince Mollie and the Governor that this is a wise investment of state money. John believes the cost can be recovered via ITE marketplace service rates charged to customers.

7. Council Membership Terms Ending June 30, 2004 – There are four members whose terms expire at the end of June:

- Steve Morris (large agency)
- Lee Tack (medium agency)
- Marvin Van Haaften (small agency)
- Gary Nichols (small agency)

It is the Chair's understanding that customer council members were originally chosen by agency directors in large, medium, and small agencies. There are three customer councils and all three have members whose terms are expiring. Current members may seek reappointment, yet there is also value in rotating members/agencies. John advised that DAS Administration would be following up on this item.

8. Selection of Public Member – Gerry Bair is not present today, but has indicated a willingness to serve on the council as its public member. Leon Schwartz moved, seconded by Greg Wright, that Gerry Bair's nomination be approved. An oral vote was taken, resulting in unanimous approval.

9. Other Discussion –

- a) FTE methodology for rates – At the March Technology Customer Council meeting, there was discussion about the fact that the HRE and Technology Customer Councils utilized different factors in the rate setting process. It was suggested that Steve Mosena visit with Nancy Richardson, Chair of the HRE Customer Council, to discuss the theories behind the two methodologies. Subsequently, Steve learned that HRE used a rolling 5-quarter average, applied monthly, because HRE members felt that FTE counts were subject to quite a bit of fluctuation. Both methods had merit, even though they were different.

Council members generally believe it would be best if both councils used the same methodology. Different methods also cause a lot of additional work for finance staff during the billing process. The Council contemplated making a motion to the Customer Council Advisory Committee, strongly suggesting that there be one methodology, however ultimately reached consensus on the following recommendation: DAS Administration should look at setting rates; the Council also urges DAS Administration to standardize the rate setting methodology the next time around.

- b) Complaint resolution process – HRE is spearheading this effort on behalf of all of the customer councils. HRE feels fairly confident that they will be able to complete their process document at the next council meeting, so should then be able to share it with us.

10. Next Meeting Date/Agenda Items – Steve reminded members that the next regular meeting date was May 11. Future agenda items include:

- Discuss methodology for setting I3 rates
- Common directory rates for FY06
- Elect chair at the first meeting in June

It may be necessary to meet more often in May to get everything accomplished. Council members were asked to pencil in possible meetings for the afternoons of May 18 and May 25 until such time as it can be determined if they are needed.

There being no further business, Greg Wright made a motion to adjourn the meeting. Carl Martin seconded the motion. An oral vote was taken and passed. The meeting concluded at 2:53 p.m.